PRESERVED

App. F. IX-4

Previous References

193 6.
(97)

97 File No. 146-36
Serial Nos. 1-3

Letter References.
97.25-38(1)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. three

Part B for July 1937

SUBJECT.

Re forged endorsements on Nyasa Government Securities

Reg 2. Mr Congleton's Report No BE 2767 dated 5th 12-36

WD 03607—GPB—22,500—2-8-35

WR

C.2-196-36-1

Comptroller's Office, Bangalore

U.O.No. 314 /S.L. Dated: 29th July 1936.
31st
Encls Copies of two judgments.

Re: forged endorsements on Mysore Government Securities.

COMMERCIAL B. 457 31 JULY 1936 GENL & REV. SEC.

FINANCE ... 11 JUL ... No. ...

The Mercantile Bank of India, Ltd, Bombay, have addressed this office in their letter of 27th June 1936 (copy enclosed) regarding the above subject and desire to have an assurance from this office that once a promissory note has been renewed, the title of the holder is unassailable, not withstanding any defect in title of the note tendered for renewal. Reference is also invited by the Bank in this connection to a recent decision of the Bombay High Court in favour of their contention.

Copies of judgments in the case referred to by the Bank were obtained from the Controller of the Currency, Calcutta, and they are herewith enclosed for perusal together with a copy of the letter of the Controller of the Currency.

A brief summary of the facts of the case is as follows. A certain Government Promissory Note was got renewed by the Bank of India, Ltd, Bombay, from the Public Debt Office, Bombay. It subsequently transpired that on the old promissory note the endorsement of the true owner one Bai Ganga Bai had been forged. She sued the Government of India and obtained a decree for the amount. The Government of India ~~being~~ having failed to recover this amount from the Bank of India, filed a suit against it, maintaining that when the Public Debt Office issued the new scrips, it did so on the tacit understanding that the Bank guaranteed the genuineness of its title to the old notes and the consideration for issue of the new scrip in lieu of old ones was the implied under-

undertaking of the Bank to indemnify Government against any claim in respect of the old notes. The Bank's contention was, that under the Securities Act, by the issue of a new note a new contract was formed whereby the Government undertook to pay to the party in whose favour it was issued the sum specified on it without any reference to the earlier transactions connected with it. This contention was upheld by the High Court and Government's claim was dismissed.

4 The procedure to be followed in applying for renewal of a Government promissory note is laid down in Sec.11 of Mysore Securities Regulation which provides that subject to Sec. 12 , a person claiming to be entitled to a ~~G.P.~~ Govt. promissory. Note may on applying to the prescribed officer, and on satisfying him of the justice of the claim and delivering the note receipted in the prescribed form, if any, obtain from such officer a renewed promissory note payable to him. Section 12 deals with the renewal of a Government promissory note in cases of dispute as to title and the procedure to be followed by the prescribed officer when such a dispute is brought to his notice.

Before renewal of a note, the prescribed officer has to be satisfied under the Regulations as to the justice of the claim viz., that the applicant for renewal is the true owner of it. Under Sec.11 it is implied that the prescribed officer has the functions of a quasi Judicial Officer as well and under Sec.12 the responsibility on him is greater. The means for satisfying himself of the justice of the claim are left for that officer to determine. So far, the securities are generally being passed for renewal if the claim is prima facie in order, and this office is careful, not to issue a new note until it is

is satisfied that the cancellation of the old note is in proper legal form and that the person who has receipted for renewal is legally qualified to discharge Government from all responsibility arising thereunder. There is no rule to prevent the Public Debt Office from making any enquiry it chooses. It is not possible for this office to maintain any record of specimen signatures and as such it has no means of verifying the genuineness of the different endorsers' signatures on the notes. Section 20 of the Regulation provides for the prescribed officer to require the applicant for renewal to give the prescribed indemnity bond against the claims of all persons claiming under the original security so renewed and to refuse renewal if such indemnity is not given. If an indemnity bond is waived, it has been held that there is no implied indemnity on the part of the applicant for renewal to indemnify Government against loss.

6 Sec.15 (1) of the Regulation provides that a renewed promissory note constitutes a new contract between the Government and such person and all persons deriving title from him. If the old note is not properly discharged, both the old and new notes remain in force. Under Sec.15 (2) the rights of a rightful owner of the old note are preserved as against Government and for a period of six years from the date of renewal (vide Sec. 17(c)) Under the above provisions the Government is estopped from challenging the title to the new note as it forms a new contract.

7 Since this office has not the means of verifying the genuineness of endorsers' signatures, recourse should be had to indemnity bond in every case

every case which is the only protection afforded to Government under the Regulations. If this is strictly enforced in all cases, it will very much restrict transactions in the money market and prove detrimental to the popularity of our Loans. As the question is of vital importance, it has to be considered what safe guards the Government will have to adopt in respect of our securities. The Controller of the Currency has stated that an appeal has been filed by Government against the decision in the suit against the Bank of India and that Government are unlikely to take any special action consequent on these judgments pending decision of the appeal.

Para 45 of the Mysore Securities Manual gives publicity to the investing public regarding the importance of renewal and gives an assurance that the title of a renewed note is clean. In view of this, it follows that the title of the renewed bond holder is unassailable. I may solicit instructions as to what reply may be given to the Mercantile Bank of India and the course of action which this office has to take in the matter with a view to avoiding the liability of Government in such cases in future.

The endlosures may kindly be returned.

Comptroller.

To

The Financial Secretary

to Government,

with Compliments.

S.S.

Serial No.

P.2d

y

y

NOTE—Contn. sheet.

10 The point for orders is what reply the Comptroller should send to the Mercantile Bank of India to their of 27.6.36.

11 What the Bank has asked for is a Comprehensive 'assurance' that in respect of all renewed Securities the title of the new holder should be 'regarded as' unassailable', following the judgment of the Bombay High Court. In other words, the Bank wants a declaration of the Govt of Mysore that they would hold themselves entirely responsible for the legal correctness of the Renewals of Securities made by them.

12 The Securities Regulation & Manual of our Govt are fundamentally based on those of the Govt of India. Sections 11, 12, 15 (1) of the Regulation & 45 of the Manual constitute all the rules for transfer of Bonds. These rules attach a certain responsibility to the "Prescribed Officer" who orders the transfer.

13 The judgment of the Bombay High Court at ¥ throws the whole burden of responsibility of the Correct-

ness

of transfer on the Prescribed officer who is charged with the duty of detecting fraud, if any, before issuing a renewed bond. As observed by the Comptr in para 7, our Public Debt office (Comptr) also labours under the same difficulty as the British Indian, in that there is no means of verifying the endorsements. Please see page 6 of the Judgment at D.

14 The only infallible remedy is the insistence on an Indemnity Bond. As stated in para 7 of the Comptr's note above, enforcement of this remedy in all cases invariably detracts from the popularity of the Securities & clogs their smooth movements in the Market. As a matter of fact, the Br Indian Public Debt office also does not seem to enforce it, as instanced by the Case that led to the Judgment at D.

Banks of standing, which usually guarantee all the Govt Securities eventually would demur to execute Indemnity Bonds, and this fact would throw a blight on the flourishing Securities.

15 Having regard to these baffling conditions, our Govt may also perhaps await, if appeal, the Conclusion of the Appeal stated to have been

Serial No.

It is ascertained that the letter of the mercantile Bank has been acknowledged by the Comptroller

WW

presumed by the Govt. of India. Vide letter from the Controller of Currency, enclosed to P. 2. d.

2. The Compln may perhaps be required to reply to the Mercantile Bank that this Govt would await the disposal of the Appeal & would Govt not fail to consider the extension of the same protection to the holders of these Insured Bonds as the Govt of India might afford them.

3. In the meanwhile, the Law Officers may also be consulted. A reply from the Compln to the Bank appears to be due without delay.

Submit for orders.

WW 1/8

7/8. PM/1/8 Asst Secy

(I'll draw depth with compliments)

33 Law pre 4/8

NOTE—Contn. Sheet.

I do think it is best to await the result of the appeal filed in the Bombay High Ct before any assurance as asked for by the Mercantile Bank can be given — The decision of our Justice Wadia now given in the original suit, ~~[illegible]~~ if ~~[illegible]~~ accepted, will mean that an indemnity has to be insisted on

in every case of renewal, ~~and~~ if Govt wish to protect their interests it happens that in case of ~~the~~ ~~transferee~~ ~~holder~~ ~~liable~~ the old note is not validly discharged. This would ~~not~~ practically nullify the provisions in Secs 9 to 12 of the Securities Regn. With great respect it appears to me that the interpretation given to Sec 15 in the Judgment of Mr Justice Wadia is not satisfactory. What sec 15 does is, is to make the renewed note a new contract between the Govt & the holder. The renewed note becomes a ~~new~~ source of title by itself & it cannot be cancelled or its ~~note~~ validity cannot be questioned on account of the defect in title of the old. But sec 15 does not in away interfere with the rights and liabilities ~~as~~ as between Govt and the person getting the renewal. For instance if the latter gets the renewal by fraud, mistake or misrepresentation he may be liable in damages, notwithstanding the fact that under Sec 15 his title to the renewed note cannot be questioned.

2) We may therefore wait

Serial No.

BRA... GENL. & REV. SECT. I.

and see how the Appellate Court will deal with this question -

Asst Secy, Finance with compts

22 Ht Secy

23 I agree with asstt Secy Law Branch. The Comptr may note this and inform the Bank that we are awaiting the decision of the appeal which the Govt of India have lodged in this case -

Comptroller with compliments for note & return

No. 237/Spl dated 4-9-36

U.O.No. 580/S.L. Dated: 2nd September 1936.

Noted and returned with compliments together with a copy of the reply issued to the Mercantile Bank of India, Ltd, Bombay, in this connection. The copies of Judgments are retained here.

Comptroller.

S.S. Submit for information. The decision of the Appellate Court will be awaited.

COMPTROLLER'S OFFICE 25 AUG 1936 208/Spl BANGALORE.

FINANCIAL SECRETARY 4 SEP. No.

NOTE—Contn Sheet.

WD 03394—GPB—30,000—13-7-35

3176/36

1747
Fl

G&R File No. 146 of 1936 | General and Revenue Secretariat

No 1159/S.L & 23.11.36 from the Comptr forwards copy of a letter issued from the Controller of Currency, Calcutta & seeks further instructions. 2

Refer Para 23 above.

The copy of Judgment enclosed to P.W.D leaves the position status quo ante. If appeal, the Comptr may be informed that the further decision of Govt of India in Ctr Controller's letter para 2 of P.W.D would be awaited.

May also be sent to Law Dept.

Sk 25/11 ✓

in further Refce to paras 20 & 21.

Fl Secy) W 26/11

Law Deptt with compliments. Pk 26/11 WW

D Dutt

it is better that the question ~~may be~~ is re-considered after knowing the result of the further appeal, proposed to be filed by the Govt. of India

Asst. Secy. Fin. Branch W.C.) BKR 27.11.36

Please put up a draft to the comptroller

Draft Sd. W 28/11

Sk 30/11 ✓

Fl Secy) W 30/11

1/12

Issue W 2/12

2 DEC 1936 G&R & REV. SECTT.

Serial No.

3

No 2e 37673 5-12 36 + Minute stating that the question may be considered in the light of further developments

Subtd

This may perhaps be recorded, as the Compte will address again in the light of developments in Bri Indra.

B 26/7 MK

MK 26/7

W 26/7

WD 0417--GPB--30,000--8-9-36

G.7 146-36-2

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

In reply please quote reference to No. 1159 /S.L./Encl.2.

FINANCIAL BRANCH 1747 24 NOV. 1936 GENL. & REV. SECT.

COMPTROLLER'S OFFICE, BANGALORE,

Dated the 20th / 23rd November 193 6

FINANCIAL SECTION 24 NOV 193 No.

The Financial Secretary
to Government, Bangalore.

Sir,

Forged endorsements on Mysore Government Securities.

With further reference to this office U.O.Note No.580/S.L. of 2-9-1936, returning the file on the above subject after note of the instructions communicated therein, I have the honour to enclose herewith for your information and further instructions a copy of letter No.C.C.7007 of 4-11-1936 received from the Controller of the Currency, Calcutta, with a copy of its enclosure.

I have the honour to be,
Sir,
Your most obedient servant,

Comptroller.

S.S.

Letter No.CC.7007 dated 4-11-1936 from the Controller of the Currency, Calcutta, to the Comptroller, Mysore Government, Bangalore.

With reference to your letter No.770/S.L. dated 1-10-1936, I have the honour to forward herewith a copy of the judgment in the appeal filed by the Secretary of State against the decision in Suit No.1408 of 1935, the Secretary of State versus the Bank of India,Ltd. The question of preferring a further appeal is under the consideration of the Government of India.

"Copy".

Superintendent, S.L. Section.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY.

In Appeal from its Original Civil Jurisdiction.

Appeal No.14 of 1936

Suit No.1408 of 1935

The Secretary of State for India in Council - Appellant and Plaintiff

Vs

The Bank of India, Ltd. Respondents and Defendants.

10th September 1936. Coram: Beaumont, C.J. & Rangnekar J

Oral Judgment: (Per Beaumont, C.J.)

This is an appeal from a decision of Mr. Justice B.J. Wadia which raises a question of considerable importance to Banks and not, I think, altogether free from difficulty.

The facts are not to dispute. A lady called Gangabai was entitled, by endorsement, to a Government Promissory Note, which she had acquired through a broker named Acharya. Subsequently Acharya obtained possession of the note from Bai Gangabai, and he forged her endorsement on the note to himself. Subsequently he endorsed the note over to the defendants, the Banks of India, Ltd. The Bank sent the note, with other notes, to the Government Securities Department with a request for its renewal, and the notes was on due course renewed by the prescribed officer of the Government Securities Department. When it was ultimately established that the signature of Bai Gangabai on the note had been forged by Acharya, Bai Gangabai sued the Secretary of State for the value of the note, and she recovered judgment for the amount due on the note with interest and costs.

In this suit the Secretary of State sues the Bank of India Ltd, and claims that the Bank is liable to indemnify him against the loss which he incurred by acting on the request of the Bank for the renewal of the note. Alternatively he claims that the renewed note, or the value thereof, may be returned to him on the basis that it was issued without consideration, or under a mistake of fact.

The principle of law on which the Secretary of State

State relies, is not disputed. There are many cases on the subject, but it will be sufficient to refer to the well-known case of Sheffield Corporation V. Barclay (1905) A.C.392. In that case the stock of the Sheffield Corporation had been transferred to Barclays by a transfer which was ultimately found to have been forged in respect of the signature of one of the transferors, so that in fact the transfer was invalid. Barclays sent the transfer to the Registrar of the Sheffield Corporation and requested him to register them as transferees, and that request was complied with. Subsequently the Corporation had to make good the loss to proper holders of the stock, and they sued Barclays on their implied indemnity. Both Lord Halsbury and Lord Davey, who gave the only two reasoned judgments, point out that in registering the transfer the Sheffield Corporation were performing a merely ministerial act. They had power under their special Act to require evidence of the title of the person claiming the right to make a transfer; but once the validity of the transfer was established, the Corporation had no power to do anything but to register it. If the Corporation had required evidence of the title of the transferee and had refused to register, they could have been compelled to register if a Court of competent jurisdiction was satisfied that in fact the transfer was valid. So that, once you have a valid transfer, the act of the Corporation in registering is merely ministerial. Lord Davey in stating the general proposition of law confines that proposition to the case of somebody exercising a statutory or common law duty. The form in which he states the proposition is this, He says:-

"I am further of opinion that where a person invested with a statutory or common law duty of a ministerial character is called upon to exercise that duty on the request, direction, or demand of another (it does not seem to me to matter which word you use), and without any default on his own part acts in a manner which is apparently legal but is, in fact illegal and a breach of the duty, and thereby incurs liability to third parties, there is

The material sections for the purposes of this case are, first of all, section 12, which provides that -

"Subject to the provisions of section 13, a person claiming to be entitled to a Government Promissory note, may on applying to the prescribed officer, and on satisfying him of the justice of his claim and delivering the promissory note receipted in the prescribed manner, and paying the prescribed fee, if any, obtain from such officer a renewed promissory note payable to him".

Section 13 deals with the case in which there is a dispute as to the title to a Government promissory note in respect of which an application for renewal has been made, and the section lays down the course to be adopted by the prescribed officer in that event. Then, section 15 contain certain provisions for conversion, consolidation or sub-division of Government securities. Then, section 16 is an important section in connection with the general policy of Government in relation to the renewed notes and provides that

(1) When a renewed Government promissory note has been issued under section 12, or a new Government Promissory Note has been issued upon conversion, consolidation or sub-division under section 15, in favour of any person, the note so issued shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him.

(2) No such renewal, conversion, consolidation or sub-division shall affect the rights as against the Government of any other person to the security or securities so renewed, converted, consolidated or sub-divided".

It seems to me clear from that section that when a new note is issued, it constitutes a fresh contract between Government and the person to whom it is issued, and is free from any infirmities of the old note. The only other section, which it is necessary to refer to, is section 21, which provides that -

"Notwithstanding anything in sections 10, 12, 13, or 15 which deals with lost notes the prescribed officer may in any case arising under any of these section -

is implied by law a contract by the person making the request to keep indemnified the person having the duty against any liability which may result from such exercise of the supposed ~~duty~~ duty. And it makes no difference that the person making the request is not aware of the invalidity in his title to make the request or could not with reasonable diligence have disconvered it."

On the other hand, Lord Halsbury adopts the proposition of law laid down in Duglale v.Lowering L.R.10 C.P. 196 in the terms of Counsel's argument to that case, which is expressed in mere general terms. That proposition is in these terms:-

"It is a general principle of law when an act is done by one person at the request of another which act is not in itself manifestly tortious to the knowledge of the doing it, and such act turns out to be injurious to the rights of a third party, the person doing it is entitled to an indemnity from him who requested that it should be done".

That proposition seems to be independent of the question whether the person who acts upon the requests was bound to do so or not; and in dealing with this case I will assume, as I think I must do that the proposition expressed in the wider terms represents the common law.

The question, then is whether that proposition of law applies to the facts of this case; and that must depend on a consideration of the Indian Securities Act of 1920, under which this promissory note was renewed. It is, in my opinion, clear from a perusal of the Act as a whole that one of the principle objects of the Act was to simplify dealings in Government securities; and the right to renew is, I think, part of the general policy of simplifying dealings in securities and thereby making investment in Government securities more popular. The difficulty, which I apprehend was felt, was that where a promissory note had many endorsements upon it, persons were unwilling to deal with it because of the risk that an endorsement might have been forged, and it was to get over that difficulty that provision for renewal of the note and the giving of a fresh and clean contract to the holder was made

(i) issue a duplicate or renewed security or convert, consolidate or sub-divide a security or securities upon the applicant giving the prescribed indemnity against the claims of all persons claiming under the original security or under the security or securities so renewed, converted, consolidated or sub-divided, as the case may be, or

(ii) refuse to issue a duplicate or renewed security or to convert, consolidate or sub-divide a security or securities unless such indemnity is given".

Now, the first point taken by the respondents in answer to the appellant's claim, that this implied right of indemnity exists, and the point which appealed to the learned judge in the court below, is this. It is said that the prescribed officer acting under section 12 is not like the Sheffield Corporation case performing a merely ministerial duty. Under section 12 a person claiming to be entitled to a Government promissory note is only entitled to renewal, amongst other things, on satisfying the prescribed officer of the justice of his claim, which means, - I take it satisfying the prescribed officer that he is in fact entitled to the Government promissory note. The prescribed officer therefore, is entitled to require evidence which satisfies him, not merely evidence which might prove to a Court of law that the title to the note was valid, but which satisfies the officer, and it is, I think, true to say that the officer cannot be regarded as exercising a merely ministerial duty. But assuming that he acts honestly and brings his judgment to bear on the case and does not act merely capriciously. I take it that if he says that he is not satisfied of the justice of the claim, no Court could compel him to issue a renewed note, to that extent his position is undoubtedly different to that of a corporation or company required to register a transfer, because in such a case the corporation or company be required to register the transfer on proof that it was a valid transfer. But I am not myself satisfied that that distinction which exists between this case and the Sheffield Corporation

Corporation case, is a vital distinction. Taking the rule of law as enunciated by Lord Halsbury, it seems to me that once you have a case in which a request is made to the prescribed officer to renew and that request is in fact acted upon then, apart from other considerations, the covenant of indemnity which the common law implies, would arise notwithstanding that the prescribed officer had looked into the matter himself or, at any rate, had power to look into the matter himself. If he acts upon the request, I doubt if it is really relevant to any that he has also considered the matter for himself. I am not, therefore, prepared to agree with the ground on which the learned judge in the Court below based his judgment on this part of the case. But that is not the only point in the case.

We to consider whether this covenant of indemnity which the common law naturally implies, where one person acts upon the request of another, can be implied in the facts of this case. The securities Act, I think, forms a complete code as to the circumstances in which Government securities can be renewed, Apart from the act, there is plainly no right of renewal, and the scheme of the Act seems to me to be this. When a request for renewal is made under section 12, the prescribed officer can consider whether the claim of the person making the request to the note is a valid claim. If he comes to the conclusion that it is, can renew the note. If he comes to the conclusion that it is not, he can either refuse renewal, or under section 21 (1) can renew the note on obtaining an indemnity in the prescribed form from the claimant; and where the claimant is, as here, a bank whose solvency is unimpeachable he might well be willing to act upon an indemnity. If, again, he comes to the conclusion that he is satisfied of the title of the claimant, but at the same time is not comfortable about the note in question, he may then, under sub-section (ii) of section 21, declines to grant renewal except on the terms of an indemnity.

Now, it is perfectly clear from the combined provisions of section 12 and section 21 that the Legislature, when they passed Act, had in view the question of requiring an indemnity when a note was renewed; and if they had intended that in all

all cases an indemnity should be given, it would have been very easy so to provide under section 12. Had they done so, the effect might have been to curtail the beneficial operation of the Act by making renewal unpopular; and it seems to me impossible to hold that the Legislature omitted to require an indemnity in all cases otherwise than deliberately. Instead of requiring an indemnity in all cases, power is given to the prescribed officer to demand an indemnity leaving it to Government, by directions to their officer, to determine in what cases an indemnity shall be required. If we read into the Act the indemnity which the common law normally implies, from the mere fact that a request is made and acted upon, it seems to me that we shall be in effect inserting in the Act a provision which, as the terms of the Act satisfy me, the Legislature deliberately omitted. The common law rule as to implied indemnity being a rule which affects obligations of a contractual nature between parties must clearly yield to the expression of any contrary intention, and it must always be open to the court to hold that the dealings between the parties are inconsistent with implication of the covenant in question; and in my opinion, taking this act as a whole, the implication of the suggested covenant of indemnity is inconsistent with the provisions which the Legislature has laid down as to the renewal of promissory notes.

In my opinion, therefore, the judgment on the first part of the plaintiffs claim is right, though I do not entirely agree with the reasons which the learned Judge gave in his judgment.

With regard to the alternative claims, namely, that the Secretary of State is entitled to the return of the renewed note on the ground, first, that it was issued without consideration, it seems to me that the short answer to that is that Government got precisely the consideration which they required. They issued the renewed note in return for the old note accompanied by the prescribed receipt; and if I am right in thinking that the Government officer had the right to satisfy himself as to

to whether the note was valid or not and as to whether he would require an indemnity, it is clear that there was no failure of consideration. Government got the old note for what it was worth. Therefore, in my opinion, that claim must fail. With regard to the suggestion that Government are entitled to the return of the renewed note, or its value, because admittedly it has been negotiated by the Bank, it seems to me that the answer to that is, first of all, that there is no direct evidence of any mistake, though no doubt it would not be difficult to infer that Government imagined that the note they were renewing was a valid note. But, apart from that, the claim to return of the renewed note, it seems to me, clearly inconsistent with the provision of section 16(1). The renewed note is to constitute a new contract - not a contract which is void or voidable, but a valid contract, between Government and the person to whom the note is issued and to say that the person to whom the note is issued is bound to return it on the basis that it is not a good contract, seems to me inconsistent with the plain terms of the Act. In my opinion, therefore, the alternative claim of the Secretary of State must also be rejected.

In the result, the appeal fails and must be dismissed with costs.

(Per Rangnakar, J.).

I agree and I have nothing to add.

Certified to be a true copy.

This 14th day of October 1936.

J .B.Nakra.

For Prothonotary & Senior Master.

"Copy".

Superintendent, S.L. Section,

Comptroller's Office, Bangalore.

Letter dated 27-6-1936 from the Mercantile Bank of India, Ltd, Bombay, to the Comptroller, Mysore Government, Bangalore.

Forged Endorsements on Mysore Government State Loans.

From time to time we have occasion to send for renewal promissory notes of your various state loans and we shall be glad to receive your assurance that once a promissory note has been renewed, the title of the holder is unassailable, notwithstanding any defects in the title of the promissory note submitted for renewal.

As you are no doubt aware a recent decision was given by the High Court, Bombay, in favour of the above contention.

"Copy".

M.A. Narasimhachar
Superintendent, S.L. Section.

etter No.CC.3192 dated 16-5-1936 from the Controller of the
Calcutta, to the Comptroller to the Government of Mysore,

---

ith reference to your letter No.2941/S.L. dated 9-5-1936, I have
ur to forward herewith copies of the judgment in the two cases
to therein and to say that an appeal has been filed by Govern-
inst the decision in the suit against the Bank of India. The
it of India are unlikely to take any special action consequent
judgments pending the decision of the appeal.

"Copy".

M.A. Narasimhachar

Superintendent, S.L. Section.

Letter No.576/S.L. dated 2-9-1936 from the Comptroller, Mysore Government, to the Manager, Mercantile Bank of India, Ltd, Post Box No.128, Bombay.

Re: Forged endorsements on Mysore Government State Loans.

With reference to your letter, Accountants Department of the 27th June 1936, and in continuation of this office letter No.196/S.L. of 20th July 1936, I write to inform you that the Government of Mysore are aware of the recent decision of the Bombay High Court referred to in the second para of your letter. Government of India have filed an appeal against the decision in the suit against the Bank of India, Ltd.

Government are awaiting the decision of the appeal which the Government of India have preferred in this case.

"Copy".

M.A. Narasimhachar

Superintendent, S.L. Section.

Cash & Vr.

Appendix F G—1]

SUBJECT.....

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.....

Section G.F.
File No. 146-36.
Serial No. 25

Diary No. of letter replied to.....

No. 2E 3767

To The Comptr.

Sir,

General and Revenue Secretariat

( )

the *193* .

Date of issue 5/12

Signed by M Rw

I am directed to refer to your correspondence resting with your letter No 1159/S.A & 23.XI.36 and to forward herewith for your information a copy of a letter No C.C. 7007 & 4.11.36 from the Controller of Currency & Comptroller of Currency Bombay on the subject of forged endorsements on Mysore Govt Securities, I am directed to state that the question may be considered in the light of further developments as the further appeal under contemplation by the Govt of India is disposed. Vide letter No C.C. 7007 & 4.11.36 from the Controller of Currency & Comptroller of Currency Bombay. Copy sent with your letter under reference.

I have

List of enclosures.....

Copied by .....

Examined by.....

WD 03601—GPB—30,000—23-9-35

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. 7c3767 / G7 146.36.3

Dated, Bangalore, 3rd December *1936.*

From

The *Financial Secretary to the Government of His Highness the Maharaja of Mysore.*

To

The Comptroller to Government,
Bangalore.

Sir,

With reference to the correspondence resting with your letter No.1159/S.L. dated 23rd ~~XX~~ November 1936 in regard to the forged endorsements on Mysore Government Securities, I am directed to state that the question may be considered in the light of further developments viz., the further appeal under comtemplation by the Government of India and its disposal - (Vide letter No.C.C.7007 dated 4th November 1936 from the Controlle of Currency to your address.- Copy sent with your letter under reply).

I have the honour to be,

Sir,

Your most obedient servant,

K Venkata Rao

Financial Secretary to Government.